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TO: SERVICE DELIVERY AREA ADMINISTRATORS
PRIVATE INDUSTRY COUNCIL CHAIRPERSONS
JTPD PROGRAM OPERATORS
EDD JOB SERVICE OFFICE MANAGERS
JTPD STAFF

SUBJECT: TITLE III PERFORMANCE STANDARDS FOR PROGRAM YEAR (PY) 1996-97

EXECUTIVE SUMMARY:

Purpose:

This Directive provides Title III performance standards data and instructions for PY 1996-97.

Scope:

The requirements and instructions in this Directive apply to the Title III formula-funded program.

Effective Date:

This Directive is effective July 1, 1996.

REFERENCES:

- Job Training Partnership Act (JTPA) Section 106

- 20 Code of Federal Regulations, Section 627.470 Final Rule

- JTPA Title II and Title III Performance Standards for PYs 1996 and 1997, transmitted by Training and Employment Guidance Letter (TEGL) 4-95, Change 1

- JTPA Title II and Title III Performance Standards Worksheets (Optional) for PY 1996, transmitted by TEGL 4-95, Change 2

STATE-IMPOSED REQUIREMENTS:

This document contains state-imposed requirements that are printed in **_bold, italic_** type.

FILING INSTRUCTIONS:

This Directive supersedes JTPA Directive D95-16 dated September 12, 1995.

BACKGROUND:

Section 106 of the JTPA requires that the Secretary of the Department of Labor (DOL) prescribe performance standards for dislocated worker programs under Title III. The Secretary has provided multiple regression models for use by the governors to accomplish this provision. In addition, Section 106(d) further provides that each governor shall prescribe, within parameters established by the Secretary, (1) variations in the performance standards based upon specific economic, geographic and demographic factors in each Service Delivery Area (SDA); (2) the characteristics of the population to be served; (3) demonstrated difficulties in serving the population; and (4) the type of service to be provided.

POLICY AND PROCEDURES:

I.   PERFORMANCE MEASURES

There are two performance measures for programs serving dislocated workers: Entered Employment Rate (EER) and Average Wage at Placement (AWP). The Governor is required to implement the core EER measure while the AWP measure is optional. For PY 1996-97, the state established only the EER as a required measure.

II. PERFORMANCE LEVELS

For PY 1996-97, SDAs are required to meet or exceed the EER standard by the end of the program year (i.e., June 30). At the mid-point of PY 1996-97, the state will provide SDAs with a progress report of their Title III, EER performance based on second quarter data. The SDAs failing this measure at mid-point of the program year will be offered technical assistance to improve their performance or help in exploring adjustments to the standard caused by factors beyond their control.

III. INCENTIVES/SANCTIONS

The final assessment of EER performance outcomes will be based on the Title III fourth quarter reports due July 25, 1997. Although the Governor has elected not to provide incentive awards for Title III performance, **_SDAs failing to meet the EER standard will be required to develop a corrective action plan (CAP) for submission to the state. The CAP must include measures the SDA will take_**

to ensure success in meeting the standard in the succeeding program year.
The SDAs failing the EER measure for two consecutive years can be subject to
redesignation or bypass procedures as allowed for in Section 627.470(g)(5) of
20 CFR Final Rule.

PROCEDURES FOR CALCULATION OF PERFORMANCE

The SDA standards for Title III programs are set by using the Secretary's multiple
regression models. Regression models account for local factors that affect
performance such as, participant characteristics, program mix and unemployment rate.

I. SETTING STANDARDS

   A. REGRESSION MODEL WORKSHEETS

       Regression model worksheets (for both the EER and AWP) and instructions
       for the calculation of performance standards for the program year are
       contained in Attachments I and II, respectively. These worksheets were
       issued by DOL in TEGL 4-95, Change 2. The worksheets were generated
       using a statistical technique called multiple regression analysis. This method
       estimates the factor weights presented on the worksheets. The weights
       represent the simultaneous influences of various participant characteristics
       and local economic conditions on SDA program performance.

   B. DATA

       The local factor values in the performance standards worksheets are
       calculated from quarterly data provided by the SDAs and reported on their
       JTPA 11, Participant Characteristics Summary.

       Local economic data for PY 1996-97 are provided on Attachment III. These
       data are based upon the latest available information prepared by the
       Employment Development Department's Labor Market Information Division
       or DOL. When there is more than one SDA within a county, SDA level data
       will be used for each SDA within the county. However, if all SDAs within the
       county request the use of countywide data, then countywide level data will be
       used for the affected SDAs.

   C. EXTREME VALUES

       Although the regression models produce meaningful performance standards
       for most SDAs, under some circumstances, the results are unacceptably
       extreme. Each year, the Secretary publishes tables of extreme values for
       model-adjusted standards and for local factors. Extreme values are listed in
       Attachment IV, Tables I and II.

       Extreme local factor values may indicate the need for adjustments beyond
       the model. Whenever an SDA has one or more extreme local factor values,

we encourage a request for an adjustment. ***The JTPD staff will unilaterally adjust any model-adjusted EER standard with extreme values (unless the adjustment will have no effect on whether or not the SDA exceeds the standard). Adjustments using a wider tolerance range will not be considered***.

D. ADJUSTMENTS BEYOND THE MODEL

The regression models do not necessarily take into account every factor that may affect performance. Further, weights applied to local factors in the models are based on national performance levels, and this may not reflect California experience. Therefore, requests for adjustments to performance standards are encouraged whenever local circumstances make such adjustments appropriate. Adjustments are applied to the EER measure only.

Although adjustments beyond the model must meet the federal criteria, an initial request for adjustment need not include extensive technical data. The adjustment process may begin with a simple written statement of concern. Upon receipt of the written request, JTPD staff will provide technical assistance in developing an appropriate adjustment methodology. Requests will be processed in accordance with procedures described in JTPA Directive D95-10.

E. FINAL STANDARD CALCULATION

As previously stated, the final EER performance standard will be calculated on the basis of termination data contained in the fourth quarter SDA reports due July 25, 1997.

State monitoring of Management Information Systems will be performed to ensure the accuracy and validity of reported data. ***If an SDA is required to submit revised fourth quarter reports as a result of monitoring findings, only revised reports that affect the SDA unfavorably will be used for performance calculations. Revised reports which result in improved SDA performance will not be used.***

II. PERFORMANCE OUTCOMES - ACTUAL

Actual performance is calculated from data extracted from the SDA's JTPA 10E. The performance outcomes for the EER measure are derived as follows:

The EER - the number of individuals who entered employment of least 20 hours per week at termination (excluding those who were recalled or retained by the original employer after receipt of a layoff notice) as a percentage of total terminations (excluding those who were recalled or retained by the original employer after receipt of a layoff notice).

III. VARIANCE

Variance is the degree by which a standard is exceeded, met or failed.

For the EER core measure, the variance will be the difference between the standard and the actual performance.

<div align="center">EXAMPLE</div>

Entered Employment Rate Performance	73.5%
Entered Employment Rate Standard	<u>-65.5%</u>
Difference	+8.0%
Variance (equal to the difference)	+8.0%

ACTION:

It is the SDA's responsibility to establish, maintain and exercise ongoing controls to ensure compliance with these requirements.

INQUIRIES:

If you have any questions regarding this Directive, please contact John Ives at (916) 654-8182.

/S/ VICKI J. JOHNSRUD
    Acting Chief

Attachments included online:

1. General Instruction's for Completing JTPA Performance Standards Worksheets PY 1996-97 (Attachment II)

2. Extreme Values P. Y. 1996-97 (Attachment IV)

Additional attachments not available online. To obtain a copy e-mail JTPD at **JTPDLIB@EDD.CA.GOV** or contact Jim Scholl at (916) 657-4610.

3. Worksheets for calculating title three performance standards PY 1996-97 (Attachment I)

4. Economic Data for Performance Standards PY 1996-97 (Attachment III)

GENERAL INSTRUCTIONS FOR COMPLETING THE JTPA
TITLE III PERFORMANCE STANDARDS WORKSHEETS
FOR PY 1996-97

The following provides general instructions for completing the JTPA Performance Standards Worksheets including the sources of data and computation methods for the items on the worksheets.

A.   Service Delivery Area Name
      Enter the SDA name.

B.   SDA Number
      Enter the JTPA number assigned by the Governor to the SDA.

C.   Performance Period
      The performance period is preprinted.

D.   Type of Standard/Date Calculated
      Enter a check in the box next to the appropriate response (i.e., whether the standard is based on the SDA plan or is recalculated based on actual service levels). Enter the date on which the calculations were made.

E.   Performance Measures
      The name of the appropriate performance measure for which the SDA Performance Standard is being established is preprinted.

F.   Column F - Local Factors
      The Local Factors determined by the Secretary to have a measurable influence on SDA expected performance levels for each of the performance measures are preprinted.

G.   Column G - SDA Factor Values
      Enter the SDA values for each Local Factor listed in "Column F." When the worksheets are used for planning purposes, these SDA Factor Values should reflect the characteristics of the participants expected to terminate during the program year. These planning values should be obtained from the SDA. When the worksheets are used to calculate final standards, actual terminee characteristics should be substituted for the planned Factor Values.

      The characteristics of the terminees must be expressed as a percent of the total number of participants who terminate during the program year.   SDA local

economic data provided in Attachment III may be used to determine the SDA Factor Values for local economic conditions. Alternatively, more recent economic data obtained from the Employment Development Department's Labor Market Information Division or the SDA may be used.

NOTE: The definitions of the local factors are based on the Standardized Program Information Report definitions.

H. Column H - National Averages
The National Averages mean data for the Local Factors shown in "Column F" are preprinted. These represent the characteristics for JTPA terminees served in PY 1994.

I. Column I - Difference
Subtract "Column H" (National Averages) from "Column G" (SDA Factor Values) for each Local Factor listed in "Column F" and enter the result in "Column I."

J. Column J - Weights
The appropriate Weights for each Local Factor listed in "Column F" is preprinted. These Weights indicate the estimated effect of each characteristic on the performance measure in question.

K. Column K - Effect of Local Factors on Performance Expectations
Multiply "Column I" by "Column J" for each Local Factor listed in "Column F" and enter the result in "Column K."

L. Block L - Total
Obtain the total of items listed in "Column K" by adding the positive items and subtracting the negative items. This represents the net effect of Local Factors on performance.

M. Block M - National Departure Point
The National Departure Point for each performance measure is preprinted for all measures. The departure point for the EER standard is set at the 25th percentile and the departure point for the AWP is shown at the 40th percentile. As there is no national standard for the AWP, the Governor has the discretion to set the departure point for that measure. The 40th percentile was selected to be consistent with the Title II earnings measures which also use the 40th percentile. This worksheet is provided to assist SDAs in measuring performance for Title III earnings. For SDAs wishing to use more difficult or easier departure points the following are suggested:

25th Percentile	$9.08
30th Percentile	$9.17
35th Percentile	$9.25
40th Percentile	$9.34
50th Percentile	$9.40

The extreme values in Attachment IV assume that the AWP model departure point is set at the 40th percentile ($9.34). If a different value is used, the departure point minus 9.34 should be added to the figures in Attachment IV for the AWP.

N. Block N - Model-Adjusted Performance Level
    Add the Total "Block L" to the National Departure Point "Block M." Enter the result in "Block N." This figure represents the Model-Adjusted Performance Level.

O. Block O - Governor's Adjustment
    The Governor may adjust the Model-Adjusted Performance Level to account for additional circumstances, to include a productivity improvement factor, or to allow for statistical imprecision.

    Although the adjustment models produce meaningful performance standards for a large majority of SDAs, under some circumstances, the results may be unacceptably extreme. Governors should examine individual performance expectations for the SDAs with extreme model-adjusted performance levels. The model-adjusted values that are considered extreme for Title III are given in Attachment IV, Tables I and II.

    Combine the adjustments allowed by the Governor and enter in "Block O" the total positive or negative adjustment. If no adjustment is determined to be appropriate, enter a zero in "Block O." Generally, the Governor's Adjustment applied at the beginning of the year for planning purposes should also be applied at the end of the year to determine actual standards. However, it should be recalculated based on actual data, if possible. Further, additional adjustments may be made for circumstances that vary from the beginning to the end of the year due to unanticipated circumstances that occurred during the year.

P. Block P - SDA Performance Standard
    Combine the Governor's Adjustment in "Block O" with the Model-Adjusted Performance Level in "Block N." Enter the result in "Block P."

    NOTE: The user is reminded that National Averages and Weights (preprinted in Columns "H" and "J") and the National Departure Points in "Block M" must not be changed when calculating the expected performance level to preserve the integrity of the modeling approach. Further, all Local Factors must be included when computing the Model-Adjusted Performance Level.

Table I

Extreme Model-Adjusted Performance Standards for Title III

	Extremely Low	Extremely High
Entered Employment Rate	< 61%	> 81%
Wage at Placement	< $4.82	> $13.62

Table II

Extreme Values for Title III Local Factors

	Extremely Low	Extremely High
Percent female	< 21	> 78
Percent age 55 or more	--	> 20
Percent not a high school graduate	--	> 29
Percent post high school attendee (not a college graduate)	< 9	> 49
Percent college graduate and above	--	> 44
Percent Black	--	> 74
Percent other minority	--	> 77
Percent minority male	--	> 52
Percent cash welfare recipient	--	> 25
Percent basic deficient	--	> 75
Percent individual with disabilities	--	> 21
Percent limited English language proficiency	--	> 20
Percent displaced homemaker	--	> 16
Percent Vietnam-era veteran	--	> 22
Percent unemployed 15 or more weeks	< 7	> 83
Percent UC claimant	< 20	> 93
Percent UC exhaustee	--	> 32
Average hourly dislocation wage	< 7.00	> 17.46
Unemployment rate	< 3	> 16
Annual earnings in retail and wholesale trade (000)	< 12	> 26
Employee/resident-worker ratio (percent)	< 64	> 176